

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 04633 071555Z

50

ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 SSO-00 /017 W

----- 023213

P 071400Z APR 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 7945

LIMITED OFFICIAL USE NEW DELHI 4633

PASS TO FRANK COTTER, WESTINGHOUSE WASHINGTON VP FROM LYONS

E.O. 11652: N/A (DECLASSIFY UPON RECEIPT)

TAGS:

SUBJ: WESTINGHOUSE

1. LEARNED THAT QUESTION TABLED IN PARLIAMENT FOR TODAY ON DROBOT CASE AND MINISTER OF FINANCE VERY GLAD WESTINGHOUSE REPRESENTATIVE HERE EVEN TO EXTENT THAT AUTHORITIES ASKED DADACHANJI FOR COPY OF MY TELEX INFORMING OF ARRIVAL AND ASKING FOR APPOINTMENTS. LATER LEARNED DEBATE IN PARLIAMENT POSTPONED TO APRIL 9, WHICH EXPLAINS FOLLOWING.

2. COMMISSIONER SIVARAMAKRISHNA WHOM I MET THIS MORNING, TOGETHER WITH KAPILA AND THIND (PENALTIES ASSESSOR), ALMOST PLEADED THAT WE PAY BY TOMORROW THE TAX RIGHTLY OWED BY DROBOT (WHICH INCLUDES THE TAX LEVIED AGAINST WESTINGHOUSE IN RESPECT OF WITHHOLDING AND SOURCE TAX PAYMENTS NOT MADE ON THE \$2000 MONTHLY SALARY PAID IN US; THIS LATTER AMOUNTS TO 10 LAKHS RUPEES, ABOUT \$130,000, ALTHOUGH WE CONSIDER 8 LAKHS, ABOUT \$105,000, MORE NEARLY CORRECT, BUT WON'T QUIBBLE ABOUT THIS ALONE). IN TYPICAL FASHION, THEY DON'T QUITE YET KNOW WHAT THE EXACT AMOUNT IS, BUT PROMISE LATER THIS EVENING. IT PROBABLY IS SOMEWHERE BETWEEN \$175,000 TO \$225,000, NOT INCLUDING INTEREST OR PENALTIES. INTEREST COULD ADD AS MUCH AS \$75,000 TO THIS BUT THERE IS SOME QUESTION WHETHER IT WOULD BE CHARGED ON THE WHOLE AMOUNT.

3. THE OBJECT IS TO ENABLE THE MINISTER OF FINANCE TO SAY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 04633 071555Z

IN PARLIAMENT ON WEDNESDAY THAT NEVER MIND THE ESCAPE,

ALL DROBOT'S TAXES HAVE BEEN PAID. THIS, OF COURSE, IS A GREAT SOLUTION AND WOULD CERTAINLY TAKE THE HEAT OFF, THE MATTER. PROBABLY PERMANENTLY. THE ONLY HOOKER I SEE IS THE MATTER OF PENALTIES AND AN UNDERTAKING THAT THIS WILL BE THE END OF THE AFFAIR WITH NO FURTHER TAX ASSESSMENTS AGAINST WESTINGHOUSE. KAPILA STATED POSITIVELY THAT THE "REOPENED" WESTINGHOUSE CORPORATE TAX CASE WOULD NOT RPT NOT BE PROCEEDED WITH, ALTHOUGH THERE WAS ONE SEPARATE ITEM THAT WOULD BE LOOKED INTO: A REVISED INTRA-COMPANY, I.E., WEICO-WEISA-WESTASIA, COMMISSION STRUCTURE REVISED WHICH CAME TO THEIR ATTENTION FROM INTERCEPTED CORRESPONDENCE ON THE RAI CASE-DAVE MILLER FAMILIAR. THIND SAID HE WOULD TAKE A VERY REASONABLE ATTITUDE ON THE MATTER OF PENALTIES. WE WILL HAVE TO WAIT A DAY OR TWO TO FIND OUT HIS DEFINITION OF REASONABLE.

4. THE BIG PROBLEM IS (A) WHETHER WE CAN PROVIDE THE PAYMENT IN THE TIME DESIRED - I SUPPOSE WE PHYSICALLY CAN; BUT MORE IMPORTANTLY (B) WHETHER WE SHOULD DO SO WITHOUT SOME GUARANTEE THAT THE PENALTIES WOULD BE TRULY REASONABLE AND THAT NO NEW SURPRISES WOULD ARISE. IT IS GOING TO BE QUITE A TASK TO FIND AN OFFICIAL WITH ENOUGH GUTS TO GIVE ANY GUARANTEES IN WRITING, BUT I WILL BE CONSIDERING HOW TO FIND SOME SUIT-ABLE FORMULA.

5. ABOVE DOES NOT TAKE INTO ACCOUNT ANYTHING TO DO WITH FOREIGN EXCHANGE MATTER WHICH I AM TAKING UP SEPARATELY WITH JAIN TOMORROW, AND WHICH I HOPE WILL HAVE RELATIVELY LITTLE GRIEF FOR COMPANY AS SUCH, ALTHOUGH IT MAY STILL BE IN OUR OVERALL INTEREST TO MAKE A SETTLEMENT HERE TOO.

6. THIS IS ESSENTIALLY AN INTERIM MESSAGE, BUT I WOULD LIKE YOU TO BEGIN THINKING ABOUT OUR ALTERNATIVES, ESPECIALLY IN VIEW OF REQUEST FOR PAYMENT TOMORROW, WHICH WHILE IT IS AWFULLY SUDDEN DOES HAVE THE UNASSAILABLE ADVANTAGE OF TAKING THE HEAT OUT OF THE CASE IN A NEAT MANNER, THUS PAVING THE WAY FOR A HAPPY OVERALL SETTLEMENT. THE URGENCY ALSO HAS A POTENTIAL ADVANTAGE FOR US IN THAT WE CAN TURN IT AROUND TO FORCE A SATISFACTORY DEAL IN RETURN FOR OUR QUICK SETTLEMENT. A MIDDLE OPTION, WHICH THEY PROBABLY WOULDN'T BE CRAZY ABOUT, WOULD BE TO PAY IMMEDIATELY THE CLEARLY JUSTIFIED (DADACHANJI SAYS) LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NEW DE 04633 071555Z

DEMAND FOR THE 10 LAKHS WITHHOLDING TAX LEVIED ON WESTINGHOUSE AS A COMPANY, AND CONSIDER MORE AT LEISURE THE MATTER OF DROBOT'S PERSONAL LIABILITY. I REALLY DON'T THINK THIS MEETS THE INDIANS' WISH TO BE ABLE TO ANNOUNCE THE RECOVERY OF DROBOT'S TAX.

7. I MAY FOR EFFECT SEND OPEN CABLES OR TELEX BUT PLEASE CONSIDER THOSE FROM THIS SOURCE AS THE OPERATIVE ONES.
SAXBE

NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 07 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE04633
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750120-0098
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750475/aaaacqxp.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2003 by izenbei0>; APPROVED <24 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WESTINGHOUSE
TAGS: BDIS, IN, US, WESTINGHOUSE, (DROBOT, JAN)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006